



National Energy
Board

Office national
de l'énergie

National Energy Board

2013–14

Departmental Performance Report

The original was signed by

C. Peter Watson, P.Eng.
Chair and CEO

National Energy Board

The original was signed by

The Honourable Greg Rickford, P.C., M.P.
Minister

Natural Resources

Canada

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Cat. No. NE2-8/2014E-PDF
ISSN 2368-1292

This title is published separately in both
official languages.

Copies are available on request from:
Library and Publication Services
National Energy Board
517 Tenth Avenue SW
Calgary, Alberta T2R 0A8

Telephone:
403-292-4800
1-800-899-1265

Fax:
403-292-5576

Email: publications@neb-one.gc.ca
www.neb-one.gc.ca

Printed in Canada

© Sa Majesté la Reine du Chef du Canada 2014
représentée par l'Office national de l'énergie

Nº de cat. NE2-8/2014F-PDF
ISSN 2368-1306

Le titre est publié séparément dans les deux
langues officielles.

Pour obtenir des exemplaires sur demande :
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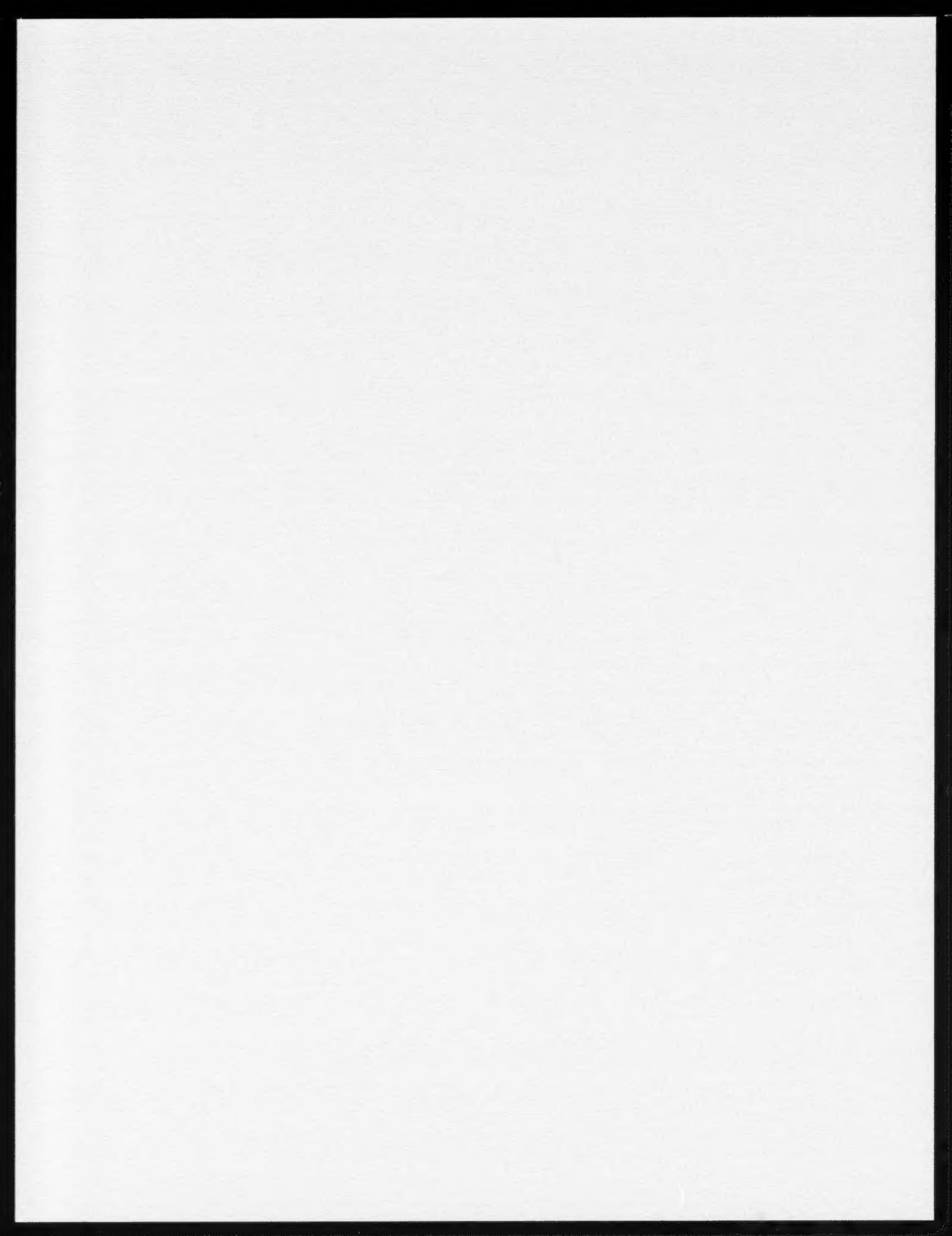
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Imprimé au Canada

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Foreword

Departmental Performance Reports are part of the Estimates family of documents. Estimates documents support appropriation acts, which specify the amounts and broad purposes for which funds can be spent by the government. The Estimates document family has three parts.

Part I (Government Expenditure Plan) provides an overview of federal spending.

Part II (Main Estimates) lists the financial resources required by individual departments, agencies and Crown corporations for the upcoming fiscal year.

Part III (Departmental Expenditure Plans) consists of two documents. Reports on Plans and Priorities (RPPs) are expenditure plans for each appropriated department and agency (excluding Crown corporations). They describe departmental priorities, strategic outcomes, programs, expected results and associated resource requirements, covering a three-year period beginning with the year indicated in the title of the report. Departmental Performance Reports (DPRs) are individual department and agency accounts of actual performance, for the most recently completed fiscal year, against the plans, priorities and expected results set out in their respective RPPs. DPRs inform parliamentarians and Canadians of the results achieved by government organizations for Canadians.

Additionally, Supplementary Estimates documents present information on spending requirements that were either not sufficiently developed in time for inclusion in the Main Estimates or were subsequently refined to account for developments in particular programs and services.

The financial information in DPRs is drawn directly from authorities presented in the Main Estimates and the planned spending information in RPPs. The financial information in DPRs is also consistent with information in the Public Accounts of Canada. The Public Accounts of Canada include the Government of Canada Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Accumulated Deficit, the Consolidated Statement of Change in Net Debt, and the Consolidated Statement of Cash Flow, as well as details of financial operations segregated by ministerial portfolio for a given fiscal year. For the DPR, two types of financial information are drawn from the Public Accounts of Canada: authorities available for use by an appropriated organization for the fiscal year, and authorities used for that same fiscal year. The latter corresponds to actual spending as presented in the DPR.

The Treasury Board *Policy on Management, Resources and Results Structures* further strengthens the alignment of the performance information presented in DPRs, other Estimates documents and the Public Accounts of Canada. The policy establishes the

Program Alignment Architecture of appropriated organizations as the structure against which financial and non-financial performance information is provided for Estimates and parliamentary reporting. The same reporting structure applies irrespective of whether the organization is reporting in the Main Estimates, the RPP, the DPR or the Public Accounts of Canada.

A number of changes have been made to DPRs for 2013–14 to better support decisions on appropriations. Where applicable, DPRs now provide financial, human resources and performance information in Section II at the lowest level of the organization’s Program Alignment Architecture.

In addition, the DPR’s format and terminology have been revised to provide greater clarity, consistency and a strengthened emphasis on Estimates and Public Accounts information. As well, departmental reporting on the Federal Sustainable Development Strategy has been consolidated into a new supplementary information table posted on departmental websites. This new table brings together all of the components of the Departmental Sustainable Development Strategy formerly presented in DPRs and on departmental websites, including reporting on the Greening of Government Operations and Strategic Environmental Assessments. Section III of the report provides a link to the new table on the organization’s website. Finally, definitions of terminology are now provided in an appendix.

Message from the Chair and CEO

I am pleased to present the National Energy Board's (NEB or Board) *Departmental Performance Report* (DPR) for 2013-14. The NEB's mandate is to regulate pipelines, international power lines and designated interprovincial power lines under federal jurisdiction, and energy development and trade in the Canadian public interest. It is the Board's responsibility to hold those it regulates accountable for results that protect the safety of Canadians and the environment.

As a key component of the NEB's Action Plan on Safety and Environmental Protection, the Board held a Safety Forum in June 2013. The event facilitated dialogue among a broad range of stakeholders on safety management and opportunities to improve safety outcomes. Board staff, in collaboration with the Canada-Nova Scotia Offshore Petroleum Board and the Canada-Newfoundland and Labrador Offshore Petroleum Board, developed and publicly released the draft Safety Culture definition and framework in January 2014.

We continued to implement changes to the NEB Act resulting from the Government's *Jobs, Growth and Long-Term Prosperity Act* and the Economic Action Plan (2012), including strengthening our safety oversight by increasing the number of inspections from 100 to 153 and doubling the number of audits conducted from 3 to 6. Our enforcement framework was made more robust through the development and implementation of administrative monetary penalties (AMPs) to verify and enforce company compliance with NEB regulations. AMPs allows the Board to issue financial penalties on companies or individuals for non-compliance with the NEB Act, regulations, decisions, permits, orders, licenses or certificate conditions intended to promote safety or environmental protection.

The NEB continued to actively engage Northerners and Northern institutions in support of shared safety and environmental protection objectives. The Board also completed devolution of oil and gas regulatory functions to the Government of the Northwest Territories (GNWT) and signed a Service Agreement to allow the NEB to provide GNWT with technical services and advice.

A flexible, efficient and proactive organization is required for the Board to achieve its strategic outcome and priorities while responding to unprecedented demands for NEB services. Increased activity and heightened public attention and expectation have demanded improved business processes for integrated planning and risk management. The development of a comprehensive communications strategy will focus our public engagement, media relations and stakeholder outreach activities. Early engagement with Aboriginal peoples helps us to ensure meaningful participation by Aboriginal peoples in our hearing process.

Our workload continues to grow, the environment in which the Board regulates has changed dramatically, issues before the Board have increased in complexity, and public interest in our processes and activities are at record levels. The NEB is made up of knowledgeable Board Members and staff who are dedicated to meeting our mandate on behalf of Canadians, and who will strive for continuous improvement and innovation to meet the challenges we face.

C. Peter Watson, P.Eng.

Chair and CEO

Section I: Organizational Expenditure Overview

Organizational Profile

Appropriate Minister: The Honourable Greg Rickford, P.C., M.P.

Institutional Head: C. Peter Watson, P.Eng.

Ministerial Portfolio: Department of Natural Resources

Enabling Instrument(s): *National Energy Board Act (NEB Act)*ⁱ

Year of Incorporation / Commencement: 1959

Other: In 2014, the National Energy Board will celebrate 55 years of ardently promoting safety and security, environmental protection and economic efficiency in the Canadian public interest.

Organizational Context

Raison d'être

The National Energy Board is an independent federal, quasi-judicial regulatory tribunal established in 1959 to promote safety and security, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament for the regulation of pipelines, energy development and trade.

Responsibilities

The main responsibilities of the NEB are established in the NEB Act and include regulating:

- The construction, operation, and abandonment of pipelines that cross international borders or provincial/territorial boundaries, as well as the associated pipeline tolls and tariffs;
- The construction and operation of international power lines and designated interprovincial power lines; and
- Imports of natural gas and exports of crude oil, natural gas liquids (NGL), natural gas, refined petroleum products and electricity.

Additionally, the Board has regulatory responsibilities for oil and gas exploration and production activities in Canada Lands¹ not otherwise regulated under joint federal/provincial accords. These regulatory responsibilities are set out in the *Canada Oil and Gas Operations Act* (COGOA), and the *Canada Petroleum Resources Act* (CPRA).

The NEB conducts environmental assessments (EA) during its review of applications for projects under its jurisdiction. For certain projects, an EA is also required by federal legislation, such as the *Canadian Environmental Assessment Act 2012* (CEAA 2012), the *Mackenzie Valley Resource Management Act*, and the Inuvialuit Final Agreement or the Nunavut Land Claims Agreement. Certain Board inspectors are appointed Health and Safety Officers by the Minister of Labour to administer Part II of the Canada Labour Code as it applies to NEB-regulated facilities and activities.

1. For the purposes of this DPR, Canada Lands are defined as the Northwest Territories, Nunavut, and submarine areas, not within a province, in the internal waters of Canada, the territorial sea of Canada or the continental shelf of Canada, but does not include the adjoining area, as defined in section 2 of the *Yukon Act*.

The Board also monitors aspects of energy supply, demand, production, development and trade that fall within the jurisdiction of the federal government. The Board reports to Parliament through the Minister of Natural Resources.

Strategic Outcome(s) and Program Alignment Architecture

1. Strategic Outcome: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.

- **1.1 Program:** Energy Regulation Program
 - **1.1.1 Sub-Program:** Energy Regulation Development
 - **1.1.2 Sub-Program:** Energy Regulation Implementation, Compliance Monitoring and Enforcement
- **1.2 Program:** Energy Information Program
Internal Services

Organizational Priorities

Organizational Priorities

Priority	Type ²	Strategic Outcome(s) [and/or] Program(s)
Continual improvement of safety and environmental outcomes.	Previously committed to	Energy Regulation
Summary of Progress		
<ul style="list-style-type: none"> • Implemented changes to the NEB Act resulting from the Government's plan for Responsible Resource Development as enacted by the <i>Jobs, Growth and Long-Term Prosperity Act</i> and the Economic Action Plan (2012). In 2013–14, the NEB: <ul style="list-style-type: none"> • Developed and implemented administrative monetary penalties (AMPs) framework to promote compliance with the NEB Act; • Increased planned inspections for regulated companies from 100 to 150 (conducted 153); and • Doubled the number of comprehensive audits from three to six. • As a key component of the NEB's Action Plan on Safety and Environmental Protection, the Board held a Safety Forumⁱⁱ in June 2013. The event facilitated dialogue among experts, academics, landowners, youth, industry leaders, and regulators on safety management and opportunities to improve safety outcomes. Several key areas were identified to support safety and environmental protection, including efforts to advance safety culture; provide greater online transparency and access to facility locations, product type, and performance data; 		

2. Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the RPP or DPR. If another type that is specific to the department is introduced, an explanation of its meaning must be provided.

improve collaboration with other North American regulators; and, enhance understanding of human and organizational factors related to process safety outcomes.

- Developed and publicly released the draft Safety Culture definition and framework (in concert with the Canada-Nova Scotia Offshore Petroleum Board and the Canada-Newfoundland and Labrador Offshore Petroleum Board) to raise awareness and understanding of the role that organizational culture plays in preventing catastrophic events. The public consultation process was completed 30 January 2014.³
- Built internal capacity related to management system regulatory oversight (inspectors, auditors, and other staff). There will be additional need for audit staff, staff to support investigations, and senior staff to support more sophisticated compliance work. Potential pipeline mega projects will also require unprecedented levels of NEB oversight.
- Increased focus on data management with a view of enhancing the collection and analysis of data on pipeline performance and the causes of unsafe situations and/or non-compliance:
 - The Board developed and implemented processes for data analysis which enabled faster and more robust reporting and trending on incidents and increased transparency. This information will gain importance given increased levels of public interest. Future analysis undertaken will be critical for informing the NEB's compliance and enforcement program and ensuring resources are effectively and efficiently targeted at the right issues and risks.
 - The Safety and Environmental Performance Dashboard⁴ went live on the NEB website in March 2014, which presents key industry performance data and information and makes this information easily available to Canadians.
- A Memorandum of Understanding (MOU) with the Department of Fisheries and Oceans (DFO) that would transition assessment of fisheries impacts on NEB projects from DFO to the NEB was signed in December 2013. Applications are being assessed under the new MOU. The NEB is working with DFO on further implementation details.
- As a result of the *Jobs, Growth and Long-term Prosperity Act*, amendments were made to the NEB Act and COGOA. These changes require the Board to consider project effects on navigation and navigation safety for NEB-regulated pipeline and power line crossings of navigable waters before recommendations or decisions are made under s. 52 and 58 of the NEB Act and s. 5.1 of COGOA. The amendments to the NEB Act and COGOA were enacted through an Order in Council, which was issued in the Canada Gazette, Part II on 3 July 2013.
 - To ensure an effective transition of these responsibilities between Transport Canada and the NEB, the organizations signed an MOU that describes the cooperative relationship between the organizations, as well as providing guidance on when a project is regulated by the NEB or Transport Canada.
 - As a result of the legislative change, the NEB now performs reviews of project effects on navigation and navigation safety for pipeline and power line crossings of navigable waters.
- In 2012, Parliament provided the NEB with an additional \$13.5 million⁴ in multi-year funding to enhance the number and frequency of inspections of oil and gas pipelines, increase the number of audits of pipeline company programs, enable more complete follow-up on corrective actions and undertake comprehensive investigations of root causes of incidents. This provided the NEB with additional "boots on the ground" to conduct a suite of compliance verification activities (CVAs) including inspections, audits, evaluations of emergency exercises and technical meetings to verify the pipelines we regulate are operating safely. In 2013-14, the Board conducted over 280 CVAs in addition to increasing the number of inspections for regulated companies and doubling the number of audits of pipeline company

3. Final Statement on Safety Culture, which addressed stakeholder feedback, was publicly released on 2 June 2014.

4. As part of the *Jobs, Growth and Long-term Prosperity Act*.

<p>programs. Following up on these safety activities to ensure compliance and address issues which come to light as a result of inspections, audits and investigations will require additional work. As pipelines age, and new pipeline development increases, additional compliance verification will also be required.</p> <ul style="list-style-type: none"> As a result of compliance verification activities, the NEB issued 21 active safety orders that are used to impose preventative measures to ensure the safety of workers and the public and/or to protect property and the environment. 		
Priority	Type	Strategic Outcome(s) [and/or] Program(s)
A robust regulatory framework for the North.	Previously committed to	Energy Regulation
Summary of Progress		
<ul style="list-style-type: none"> The NEB is committed to strengthening its regulatory framework for the North to ensure that future decisions on applications will address the safety of workers and the public and the protection of the environment. Carrying on this commitment, in 2013–14: <ul style="list-style-type: none"> The NEB actively engaged Northerners and Northern institutions that could be affected by potential activities, in support of shared safety and environmental protection objectives; NEB staff traveled to the Northwest Territories, Inuvialuit Settlement Region, and Nunavut to meet with hunters and trappers, Aboriginal leadership and co-management boards. Continued engagement has developed trust and credibility among Northerners and Northern institutions; and Members of the Board and NEB staff visited the Mackenzie Delta as well as communities in the Beaufort Sea and Baffin Island to better understand the Northern way of life. Clarified our expectations of regulated companies through the development of guidance: <ul style="list-style-type: none"> Released <i>Filing Requirements for Onshore Drilling Operations Involving Hydraulic Fracturing</i>; Continuing to develop <i>Filing Requirements for Geoscience Programs</i>; Continuing to develop an <i>Audit Protocol for the Drilling and Production Regulations</i> to clarify how the Board will audit management system requirements in the North; and Continuing to develop <i>Standby Vessel Guidance</i> in collaboration with Offshore Boards and the supply vessel industry to promote industry best practice Joined FracFocus.ca, which is a collaboration between provinces, territories, regulators and industry to provide Canadians with objective information on hydraulic fracturing and what legislation and regulations are in place to protect the environment including groundwater, and transparency on the ingredients that make up hydraulic fracturing fluids. Additionally, we requested operators regulated under COGOA to submit information on hydraulic fracturing fluid composition, 30 days after hydraulic fracturing operation has finished, for disclosure on FracFocus.ca. Continued work on the Frontier and Offshore Regulatory Renewal Initiative (FORRI⁵), which includes the modernization of existing operational regulations under COGOA. 		

5. FORRI participants include: Natural Resources Canada, Aboriginal Affairs and Northern Development Canada, Canada-Nova Scotia Offshore Petroleum Board, Canada-Newfoundland and Labrador Offshore Petroleum Board, Nova Scotia Department of Energy, Newfoundland and Labrador Department of Natural Resources, and the National Energy Board.

- Completed devolution of oil and gas regulatory functions to the Government of the Northwest Territories (GNWT) and signed a Service Agreement to allow the NEB to provide GNWT with technical services and advice to support projects, and transfer records post-devolution.

Priority	Type	Strategic Outcome(s) [and/or] Program(s)
A flexible and efficient organization able to meet new and ongoing priorities.	Previously committed to	Energy Regulation, Internal Services

Summary of Progress

Changes to the NEB Act resulting from the Government's plan for Responsible Resource Development, as enacted by the *Jobs, Growth and Long-Term Prosperity Act* imposed time limits and the requirement to ensure timely handling of applications. As well, an increase in industry activity is resulting in unprecedented demand on NEB services. A flexible and efficient organization is required for the Board to achieve its strategic outcome and priorities in an effective and efficient manner. In support of meeting our third strategic priority, the NEB:

- Strengthened the Board's integrated planning process to better link financial and human resource allocations to programs and outcomes. The NEB developed and communicated an organizational Integrated Business Plan, which leaders can refer to during the year to align business unit initiatives with what matters most. As the year evolves and priorities change or emerge, the plan offers a foundation from which priorities can be adjusted and resources realigned, while managing work-life balance at the NEB. The Integrated Business Plan captures our strategic priorities, key corporate risks, key focus areas and drivers, and links them to our planned activities for the fiscal year.
- Strengthened the NEB's risk management processes and their integration with strategic planning. The NEB has a formal Integrated Risk Management Policy in place, and an environmental scan, risk identification and risk assessment is completed annually. The status of risks and mitigation activities identified in the Corporate Risk Profile are reviewed quarterly.
- Assessed and addressed current and emerging resource needs in light of record demand on NEB services:
 - Monitored activity levels to ensure resource planning was strategically managed;
 - Regularly reviewed organizational priorities in light of available staff resources; and
 - Reviewed NEB's People Strategy and staffing plans throughout the year.
- Updated the Business Continuity Framework so that the delivery of essential services is not compromised by external events. In the summer of 2013, the NEB activated its Business Continuity Plan in response to the flooding of Southern Alberta and ensured continuity of service to Canadians without interruption.
- Implemented new ways of doing business that strengthened processes and streamlined work:
 - Developed an online portal for Applications to Participate, which has received positive feedback from testers;
 - Introduced NEB 101 videos on topics including our hearing process, participant funding, and an overview of the NEB, to promote information sharing and access to the NEB processes;
 - Improved the Land Matters section of the NEB website to provide better information in a simpler format;
 - Introduced more dynamic project websites for hearings including subscription forms to sign up for process updates; and

- Further implementation of web-ex in application engagement and oral hearings to reach larger audiences, reduce costs and improve process efficiencies.
- Enhanced our strategic issues management capacity to anticipate, identify, assess and respond to issues, and to provide a corporate-wide, single-window approach to escalating issues. This enhancement will help ensure NEB's leadership is aware of potential issues and the linkages between them. Increased public interest will drive a need for improving this strategic approach to communications and enhanced community relations.
- Developed the NEB Communications Strategy, which better defines and focuses Board activity relating to proactive public engagement, media relations and stakeholder outreach. A reorganized and proactive communications function will be more aligned to the Board's regulatory responsibilities. The Government of Canada relies upon the NEB hearings process to the extent possible to ensure that its obligations with regard to Aboriginal engagement and consultation are discharged with respect to a project. To manage increasing interest by Aboriginal peoples, the NEB, through its enhanced Aboriginal engagement activities, is engaging communities well before the beginning of a hearing process. This helps to identify potential issues and ensure that Aboriginal peoples have the information required to meaningfully participate in the hearing process.
- Continued to use multi-stakeholder advisory committees, such as the Land Matters Group⁶, established by the Board to increase the dialogue amongst members of the public, Aboriginal groups and industry who have an interest in land matters and are impacted by the activities of NEB-regulated companies. The Land Matters Group met several times during the year and discussed topics including proposed changes to Damage Prevention Regulations, Safety Culture Framework, NEB's online Application to Participate form, and AMPs.

Risk Analysis

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
<p>Environmental protection and safety:</p> <p>There is a risk of an incident with respect to NEB-regulated company activities resulting in a serious injury, fatality(ies) or significant environmental damage.</p>	<ul style="list-style-type: none"> • Monitored compliance through risk-informed verification activities, including concerns identified through the investigation of incidents and from the public. • Doubled the number of audits conducted, and increased planned inspections from 100 to 150 per year, as a result of the <i>Jobs, Growth and Long-term Prosperity Act</i>. 	<p>Energy Regulation</p>

6. The Land Matters Group is composed of the Alberta Energy Regulator, Farmers Advocacy Office (British Columbia), Canadian Association of Petroleum Producers, Union des producteurs agricoles du Québec, Union of Ontario Indians, Canadian Federation of Agriculture, The Canadian Energy Pipeline Association, West Coast Environmental Law, Synergy Alberta, Metis National Council and the NEB.

	<ul style="list-style-type: none"> • Monitored and analyzed emerging risks and trends within regulated companies' operating environments. • Compliance staff are competent and have required training to perform duties. • A corrective action plan is in place for monitoring (or follow-up) for compliance verification activities. <ul style="list-style-type: none"> ➢ Risk identified in the 2013–14 RPP ➢ Strategies were effective in reducing risk exposure 	
Resource Constraints: There is a risk that the volume of applications and demand on programs will be higher than expected.	<ul style="list-style-type: none"> • Monitored activity levels to ensure resource planning was strategically managed throughout the year. • Regularly reviewed NEB priorities considering available staff resources. • Reviewed our People Strategy and staffing plan during the year. ➢ Risk identified in the 2013–14 RPP ➢ Strategies were effective in reducing risk exposure 	Energy Regulation Energy Information Internal Services
Loss of reputation as a regulator: There is a risk that the Board will be unable to maintain public confidence if its actions are not considered expert, efficient, effective and independent.	<ul style="list-style-type: none"> • Continued to issue responsive, unbiased, transparent and evidence-based decisions. • Strengthened data management processes in support of robust regulatory compliance. • Established a system of AMPs to promote compliance with the NEB Act. • Made all compliance and enforcement actions public on the NEB website. ➢ Risk identified in the 2013–14 RPP ➢ Strategies were effective in reducing risk exposure 	Energy Regulation

<p>Changes in public interest:</p> <p>There is a risk that the public interest changes in a way that leaves the Board unable to factor those changes in a timely manner when it carries out its statutory mandate.</p>	<ul style="list-style-type: none"> • Developed a robust, proactive Strategic Communications Plan to identify, plan and address stakeholder engagement opportunities with a focus on enhancing the Board's reputation as a strong federal regulator. • Monitored trends via reports, media and political debates and engaged stakeholders to ensure their views were heard. ➢ Risk identified in the 2013–14 RPP ➢ Strategies were effective in reducing risk exposure 	<p>Energy Regulation</p>
<p>Inability to recruit and retain staff:</p> <p>There is a risk that the NEB will be unable to compete with industry and other employers to attract and retain the skilled staff required to deliver its mandate.</p>	<ul style="list-style-type: none"> • Continued to measure employee engagement and work-life balance and effectiveness of improvement plans. • Continued to provide training and development opportunities to ensure competent staff and a challenging work environment. • Regularly reviewed People Strategy and staffing plan. • Maintained status as a "Top 100" employer. ➢ Risk identified in the 2013–14 RPP ➢ Strategies were effective in reducing risk exposure 	<p>Energy Regulation Energy Information Internal Services</p>
<p>Inability to deliver effective internal services:</p> <p>There is a risk that an ineffective alignment of the Board's internal services and regulatory programs will impact the NEB's ability to proactively manage program delivery and internal and external changes.</p>	<ul style="list-style-type: none"> • Continued to strengthen internal/administrative functions, including Integrated Business Planning, Risk Management, and program evaluation. ➢ Risk identified in the 2013–14 RPP ➢ Strategies were effective in reducing risk exposure 	<p>Internal Services</p>

Environmental protection and safety continued to be of paramount importance to the NEB and to Canadians. The NEB employs a risk-informed compliance verification

program, which considers resource requirements to perform compliance activities and ensure those activities are completed in accordance with the plan. Corrective actions were monitored and regulated companies' operating environments observed for emerging risks and trends. In addition to increasing the number of inspections and audits we conducted, the NEB's AMPs framework provided the NEB with additional enforcement mechanisms.

The NEB is responsive to Canadians' increased interest in the energy industry and the safety and environmental impacts of energy pipeline incidents. This fiscal year, our staff responded to 612 media requests, up from 282 the prior year. We also developed a comprehensive Communications Strategy to proactively plan for and engage in enhanced stakeholder engagement, with a focus on increasing Canadians' confidence in the NEB as a strong federal regulator.

We ensured we heard and considered stakeholders' views in various ways, including working with the Land Matters Group, monitoring trends present in public reports, media and political debates, issuing responsive, unbiased, transparent and evidence-based decisions, strengthening our data management processes in support of robust regulatory compliance, and making all compliance and enforcement actions public on the NEB website.

The NEB also continued to meet face-to-face with communities across the country, and this year employed social media to increase outreach, by introducing the NEB Twitter account. Since its launch, the NEB has steadily gained followers, including community leaders, journalists and environmental non-governmental organizations.

The skills and experience needed by the NEB continued to be in high demand due to private sector demand in Calgary and increased workloads at the NEB. In response to these conditions, the NEB regularly reviewed its People Strategy and staffing and recruitment. Additionally, the NEB measured employee engagement and work-life balance on a quarterly basis, which informed leadership decisions on areas of focus and assisted in responding to staff concerns and interests. Staff development was supported with access to training opportunities and access to new career opportunities in a challenging work environment.

Actual Expenditures

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	Difference (actual minus planned)
62,436,291	66,900,000	86,299,363	81,682,681	14,782,681

Human Resources (Full-Time Equivalents [FTEs])

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
427.6	425.3	-2.3

Budgetary Performance Summary for Strategic Outcome(s) and Program(s) (dollars)

Strategic Outcome(s), Program(s) and Internal Services	2013–14 Main Estimates	2013–14 Planned Spending	2014–15 Planned Spending	2015–16 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2012–13 Actual Spending (authorities used)	2011–12 Actual Spending (authorities used)
Strategic Outcome 1: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.								
Energy Regulation	33,618,378	38,600,000	56,018,272	46,581,292	49,664,458	47,970,746	44,125,872	34,867,506
Energy Information	7,810,511	8,100,000	6,820,972	5,831,489	5,665,194	6,156,305	5,974,560	8,259,353
Subtotal	41,428,889	46,700,000	62,839,244	52,412,781	55,329,652	54,127,051	50,100,432	43,126,859
Internal Services Subtotal	21,007,402	20,200,000	21,824,229	16,740,529	30,969,711	27,555,630	19,445,209	21,248,754
Total	62,436,291	66,900,000	84,663,473	69,153,310	86,299,363	81,682,681	69,545,641	64,375,613

The variance between the Planned Spending and the Total Authorities for 2013–14 (\$19.4 million) is mainly due to the following changes during the reporting period:

- Increase in authority (\$12.4 million) due to approval of the office move to Center 10 Treasury Board submission,
- Increase in authority (\$8.5 million) due to the approval of new Collective Agreement in December 2013 with retroactive pay back to 01 November 2011, and
- Increase in authority (\$1.2 million) due to year-end adjustment to statutory employee benefit plan expenditures, offset by:

- Lower than anticipated Operating Budget Carry Forward (OBCF) from 2012-13 to 2013-14 (\$1.4 million), and
- Lower than anticipated Eligible Paylist Expenditures (\$1.3 million) from Treasury Board Vote 30.

The variance between the Total Authorities and the Actual Spending for 2013-14 (\$4.6 million) is mainly due to the following changes during the reporting period:

- Lapse of \$1.8 million relating to the Participant Funding Program
- Lapse of \$1.0 million for the office move to Center 10
- Lapse of \$0.7 million in salary – due to difficulty in the hiring of temporary Safety and Public Awareness FTEs approved in fiscal year 2012-2013
- Lapse of \$0.5 million in the Hearing budget – Trans-Mountain expansion delayed to next fiscal year, and
- Lapse other O&M of \$0.5 million – miscellaneous expenses throughout the organization.

Planned spending for 2014-15 and 2015-16 differs from the amounts stated in the Report on Plans and Priorities 2013-14 due to:

- Fiscal 2014-15 - The RPP indicated planned spending of \$65.5 million; the \$19.2 million increase is due to: Office move to Center 10 (\$8.3 million); Collective Agreement (\$7.2 million); One-time payment of Severance Pay (\$4.1 million); and, reduction in employee benefit plan expenditures (\$0.4 million).
- Fiscal 2015-16 - The RPP indicated planned spending of \$63.3 million; the \$5.9 million increase is due to: Collective Agreement (\$7.2 million), partially offset by lower forecast Eligible Paylist expenses (\$0.9 million) and a reduction in employee benefit plan expenditures (\$0.4 million).

Alignment of Spending With the Whole-of-Government Framework

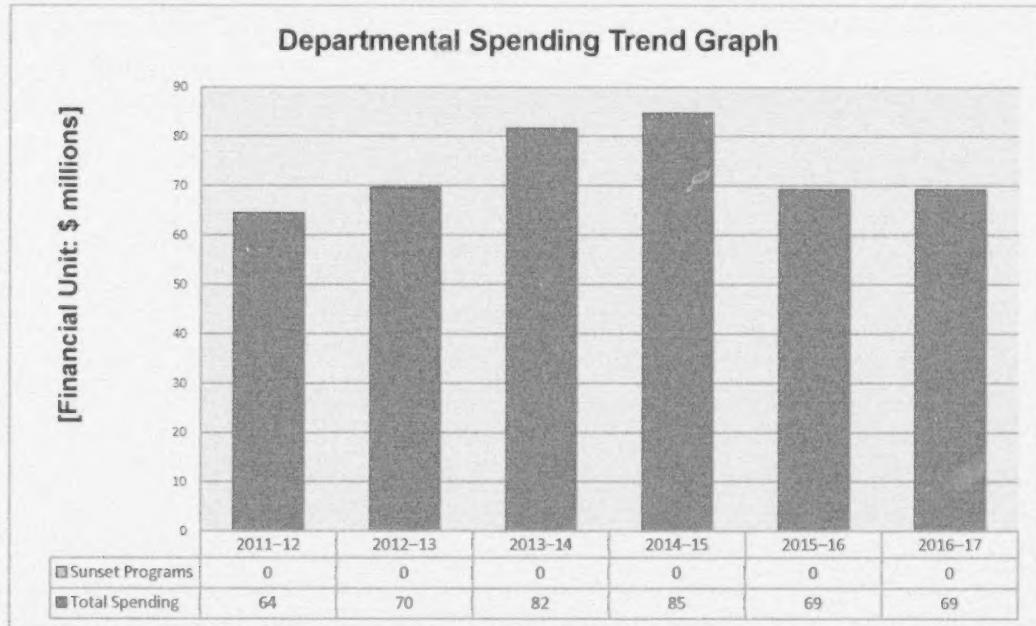
Alignment of 2013–14 Actual Spending With the Whole-of-Government Framework^{iv} (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2013–14 Actual Spending
The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.	Energy Regulation	Economic Affairs	Strong Economic Growth	47,970,746
	Energy Information	Economic Affairs	Strong Economic Growth	6,156,305

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic Affairs	46,700,000	54,127,051
Social Affairs	0	0
International Affairs	0	0
Government Affairs	0	0

Departmental Spending Trend



The increase in actual spending in 2013-14 (\$12.0 million) is due mainly to the actual cost of the office move to Center 10 (\$11.3 million) and retroactive pay received once our new Collective Agreement was approved in December 2013 (\$0.7 million).

The increase of \$3.0 million for total planned spending in 2014-15 is due to an increase in eligible pay list items of \$4.5 million related to the expiration of the employee severance pay program as well as an additional \$1.5 million in Participant Funding Program spending to support the Trans-Mountain expansion. These increases are partially offset by a \$3.0 million reduction in spending related to the NEB relocation.

The decrease of \$15.5 million for the last two planning fiscal years from fiscal year 2014-15 is mainly due to the funding for the office move to Center 10 expiring in fiscal year 2014-15 (\$8.3 million), the one-time payment of severance pay (\$5.0 million) in fiscal year 2014-15 and the decrease of \$2.2 million in our Participant Funding Program (Trans Mountain).

Estimates by Vote

For information on the National Energy Board's organizational Votes and statutory expenditures, consult the *Public Accounts of Canada 2014* on the Public Works and Government Services Canada website.^v

Section II: Analysis of Program(s) by Strategic Outcome

Strategic Outcome: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.

Program 1.1: Energy Regulation

Description

This program provides the regulatory framework under which the NEB carries out its mandate and achieves part of its strategic outcome. Specifically, it enables Canadian federally regulated energy infrastructure to be developed and supervised throughout its lifecycle. The regulatory framework includes components such as setting expectations for industry and others, monitoring and enforcing compliance with requirements, measuring performance of the NEB's regulatory framework and focusing on continual improvement. The authority for this program is derived from the NEB Act, COGOA, the CPRA, the *Canada Labour Code* and other associated regulations and guidelines. Energy regulation provides Canadians with safe, reliable and efficient energy supply.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
33,618,378	38,600,000	49,664,458	47,970,746	9,370,746

Human Resources (Full-Time Equivalents [FTEs])

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
251.5	279.2	27.7

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Regulated activities are conducted in accordance with regulatory requirements.	Number of inspections conducted per fiscal year.	150	The number of inspections (153) exceeded the annual target.

	Per cent of planned compliance activities that are completed.	100%	Met expected result. A total of 282 activities were completed by year-end, according to plans.
	Number of regulatory audits conducted per fiscal year.	6	Met expected result. Six final audit reports were completed.

Performance Analysis and Lessons Learned

In support of the expected result for the Energy Regulation Program, *regulated activities are conducted in accordance with regulatory requirements*, the NEB completed all actions set out in the Safety Action Plan by holding the Safety Forum in June 2013 in Calgary, which provided an opportunity for the NEB to advance critical topics around safety and environmental protection between regulators, the public and industry. Stemming from the discussion, the NEB committed to concrete actions it will take in order to move industry, and itself, forward in achieving the goal of zero incidents. These commitments included:

- Undertaking a public consultation on safety culture in order to develop a clear definition, attributes and indicators;
- Developing guidance intended to improve the prevention of catastrophic events;
- Improving how Canadians get the regulatory information they want and need;
- Setting a path for continual improvement through collaboration with other regulators, and reporting on safety and enforcement tools the Board has recently implemented such as AMPs.

Subsequently, the Board released a discussion paper titled Advancing Safety in the Oil and Gas Industry: Draft Safety Culture Framework^{vii} and sought comments from the public and industry on the discussion paper. Substantive feedback was received from various stakeholders and these perspectives informed the final version of the document, which is scheduled for release in early fiscal 2014/15.

In 2013-14, the NEB continued to implement changes to the NEB Act resulting from changes to the *Jobs, Growth and Long-term Prosperity Act* and also took action with respect to Red Tape Reduction initiatives. Details of these actions are provided under the sub-program sections that follow. Other activities that supported the achievement of the expected result for the Energy Regulation Program are also detailed below under sub-program results.

Sub-Program 1.1.1: Energy Regulation Development

Description

This sub-program provides the energy sector and affected stakeholders with the regulatory expectations required for the development and operation of energy infrastructure and for oil and gas exploration and development activities in frontier and offshore areas. The NEB develops and communicates regulations, guidance materials and related processes to ensure its regulatory expectations are clear and useful. The NEB actively seeks opportunities for improvement through amendments to regulations and guidance, non-mandatory goals and guidance, and other direction provided from time to time.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
4,361,800	5,420,694	1,058,894

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
28.4	31.6	3.2

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Comprehensive regulatory framework	Development and review of a Regulatory Continual Improvement Plan.	Annual review	Met expected result. A Regulatory Continual Improvement Plan was developed and reviewed on an ongoing basis.
	The NEB conducts research into regulatory gaps and issues, as well as the evolution of best practices for the existing regulatory framework.	One research project per year	Met expected result. Staff conducted a research project to review the regulatory requirements for pipeline decommissioning and abandonment. The report contains recommendations for regulatory review and guidance related to decommissioning.

Performance Analysis and Lessons Learned

In support of a *comprehensive regulatory framework*, the NEB:

- Clarified management system requirements under the NEB *Onshore Pipeline Regulations, 1999*, which were amended in April 2013. The amended Onshore Pipeline Regulations (OPR) clarified that companies must apply their management systems to all activities involving the design, construction, operation or abandonment of a pipeline, and to protection programs for safety, environment, integrity, pipeline crossings, public awareness, emergency management and security. Companies are now also required to appoint an accountable officer who has the appropriate authority over the company's human and financial resources to enable the company to meet safety, security and environmental protection obligations.
- Clarified damage prevention requirements under the NEB Act: a Notice of Proposed Regulatory Change was posted for public comment in November 2013, and drafting instructions provided to the Department of Justice. A comprehensive Canada Standards Association Damage Prevention Standard is targeted for public consultation in fiscal 2014-15.
- Revised import and export application regulations: conducted external consultations on Part VI of the NEB Act (*Oil and Gas Regulations*, *Export/Import Reporting Regulations*, *Electricity Regulations* and *Toll Information Regulations*); drafting of regulations is underway by the Department of Justice.
- Developed and implemented a system of AMPs, allowing the Board to issue financial penalties on companies or individuals for non-compliance with the NEB Act, regulations, decisions, permits, orders, licenses or certificate conditions intended to promote safety or environmental protection.
- Clarified expectations of regulated companies for exploration and development activities through development of guidance. Proposed amendments to the COGOA and CPRA were also introduced in the *Energy Safety and Security Act* (Bill C-22), which, if passed, will involve changes related to financial liability and responsibility, transparency, enforcement, cost-recovery, as well as the use of spill treating agents.
- Standardized oversight tools to verify and to compel company compliance during exploration and development activities through improvements to the NEB compliance verification program.

Sub-Program 1.1.2: Energy Regulation Implementation, Compliance Monitoring and Enforcement

Description

Through this sub-program, the NEB makes informed decisions and recommendations on issues and applications related to energy development, energy infrastructure, energy transportation, energy trade and related activities. As an independent regulatory tribunal, the NEB actively involves those affected by its regulatory decisions through public hearings and other engagement activities.

Through risk informed compliance verification activities, the Board enforces compliance with regulatory requirements and expectations such as those set out in the terms and conditions of approvals. The NEB conducts its monitoring and enforcement activities under seven compliance protection programs: integrity, emergency management, safety management (which includes damage prevention), finance and economics, respecting rights and interests, security, and environmental protection. Through monitoring and enforcement, the NEB holds regulated entities accountable for results in the Canadian public interest. The public interest is inclusive of all Canadians and refers to a balance of economic, environmental and social considerations that changes as society's values and preferences evolve over time.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
34,238,200	42,550,052	8,311,852

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
223.1	247.6	24.5

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Fair and transparent application assessment	Per cent of successful judicial appeals related to fairness or legal principles	0%	Met expected result. There were no successful judicial appeals related to fairness or legal principles.

Timely application assessment	Per cent of decisions issued within legislated time limits	100%	Met expected result. 100% of decisions were issued within legislated time limits.
Regulated companies are held accountable for results in the Canadian public interest	Per cent of non-compliances addressed by the NEB	100%	Met expected result. 100% of non-compliances were addressed by the NEB.

Performance Analysis and Lessons Learned

In support of *fair and transparent application assessments* and *timely application assessment*, the NEB:

- Monitored time limits and used enhanced tracking tools for applications;
- Implemented efficiencies in processing applications to ensure legislated time limits are met;
- Enhanced processing of export and import applications to address amendments in Part VI of the NEB Act contained in the *Jobs, Growth and Long-term Prosperity Act*;
- Used the Land Matters Group to provide input into regulatory matters; and
- Continued to develop trust and credibility among Northerners and Northern institutions through continued engagement: over 50 meetings have been held over the year across the North to explain the Board's role, hear concerns around oil and gas exploration and development, and to receive feedback on NEB guidelines meant to clarify expectations of regulated companies.

In support of *holding regulated companies accountable for results in the Canadian public interest*, the NEB:

- Increased the planned number of inspections conducted per fiscal year from 100 to 150 (and exceeded this by conducting 153);
- Doubled the number of audits conducted per fiscal year from 3 to 6;
- Held companies accountable for the effectiveness of their management systems using compliance verification tools and the requirement for companies to report leading and lagging performance indicators related to their safety, integrity, environmental protection, crossings, public awareness, emergency management and security programs;

- Provided industry with information to improve performance on a company-by-company basis through six management system audits and 73 compliance meetings with companies;
- As result of compliance verification activities, the NEB issued 21 active safety orders that are used to impose preventative measures to ensure the safety of workers and the public and/or to protect property and the environment; and
- Improved the development of data collection and analysis to facilitate public access to information and public reporting on safety and environmental performance.

Program 1.2: Energy Information

Description

Under this program, the supply, demand, production, development, transmission and trade of energy are analyzed to ensure the requirements of Canadians are appropriately met. Advice is provided on energy issues of interest. The Board uses energy information to inform its regulatory decisions and to produce publicly available assessments of energy trends, events and issues that may affect Canadian energy markets and the supply and demand for energy.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
7,810,511	8,100,000	5,665,194	6,156,305	-1,943,695

Human Resources (Full-Time Equivalents [FTEs])

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
57.5	41.3	-16.2

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Canadians access energy related analysis and information	Number of visits to the Energy Information webpage or material per year	≥ 500,000	Exceeded expected result (678,040 visits).

Performance Analysis and Lessons Learned

The Board continued to monitor developments in energy markets, gather and publish energy market statistics and publish analyses to inform Canadians on energy markets. The market monitoring program includes focused analysis on the functioning of energy markets and the ability to meet domestic energy needs, enhanced coverage of the changing North American energy landscape, and innovative and engaging delivery to targeted audiences. The NEB continued to make energy information products more accessible to Canadians by reducing the length of reports, incorporating technical material into appendices and providing content in electronic format.

- In 2013-14, the Board published two significant energy information products: *Canada's Energy Future 2013: Energy Supply and Demand Projections to 2035*, a comprehensive report which examined trends in Canadian energy supply and demand; and, *Short-term Canadian Natural Gas Deliverability 2013-2015*, which examined trends in the discovery and development of Canadian natural gas resources.
- *Canadian Energy Dynamics 2013*, a report which assessed key elements in Canada's energy markets, and how these elements changed in 2013, was also published. The report includes insight, statistics and regional descriptions that frame these developments over the last year. Of note, the Business News Network (BNN)⁷ stated that this report "provides investors with the clearest look to date of what happened in Canadian oil and gas production and transportation last year."
- A joint assessment by the NEB, the British Columbia Oil and Gas Commission, the Alberta Energy Regulator, and the British Columbia Ministry of Natural Gas Development was released: *The Ultimate Potential for Unconventional Petroleum from the Montney Formation of British Columbia and Alberta*. The Montney's marketable unconventional gas resource is one of the largest in the world and by combining this estimate with prior assessments the total ultimate potential in the Western Canada Sedimentary Basin has more than doubled.
- The Board completed its series of seasonal energy outlooks, which focused on shorter-term energy forecasts, and also released the annual *Canadian Energy Overview*, which looked back on 2012 and reviewed the year's energy markets in an abridged form of previous editions of this energy information product.

7. BNN is Canada's only all business and financial news channel and provides comprehensive real time coverage of global market activity from a Canadian perspective.

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
21,007,402	20,200,000	30,969,711	27,555,630	7,335,630

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
118.6	104.8	-13.8

Performance Analysis and Lessons Learned

To ensure the NEB has the capacity to effectively deliver its mandate, the NEB:

- Promoted strategic management practices by implementing the 2013-16 People Strategy, which focused on attraction and retention. As part of the People Strategy, the NEB applied for and was named one of Canada's Top 100 Employers for the fifth time, and one of Canada's Top Family-Friendly Employers and Alberta's Top Employers for 2014.
- Continued to support good management practices and focused on employees working directly or indirectly on regulatory matters, including hearing and non-hearing applications, compliance verification activities, regulation work, and energy information program. This year, the NEB continued to measure workload and progress towards its priorities via formal quarterly reports to ensure resources are being used in the most effective way, while maintaining a healthy and productive work environment.

- Strengthened the Board's integrated planning process to better link financial and human resources allocations to activities and outcomes. The Integrated Business Plan enabled leaders in aligning business unit initiatives with what matters most. As the year evolved and priorities changed or emerged, the plan offered a foundation from which priorities have been adjusted and resources realigned, while managing work-life balance at the NEB. The Integrated Business Plan captures our strategic priorities, key corporate risks, key focus areas and drivers, and links them to our planned activities for the fiscal year.
- Strengthened the Board's risk management processes and their integration with strategic planning. The NEB has a formal Integrated Risk Management Policy in place, and an environmental scan, risk identification and risk assessment is completed annually. The status of risks and mitigation activities identified in the Corporate Risk Profile are reviewed quarterly.
- With the expiry of the previous office lease, prepared for the relocation of the NEB's Calgary office in June 2014 to avoid any business interruption.

Section III: Supplementary Information

Financial Statements Highlights

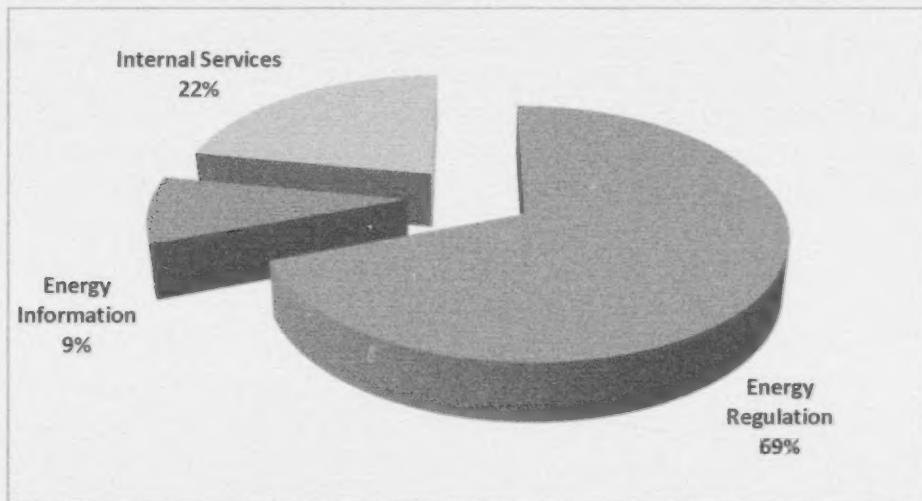
The National Energy Board operates on a full accrual accounting basis according to Treasury Board's policy for reporting based on generally accepted accounting principles (GAAP). The tables below provide highlights from the NEB's Statement of Operations and Departmental Net Financial Position and Statement of Financial Position, as presented in its 2013-14 financial statements. As such, differences do exist between these tables and those presented in other sections of the Departmental Performance Report, which are prepared on the modified cash basis of accounting.

Prior to 2013-14, the NEB prepared unaudited fiscal financial statements for inclusion in the Public Accounts of Canada as well as audited calendar financial statements in accordance with the NEB Cost Recovery Regulations. Beginning in 2013-14 the NEB transitioned the audited statements from calendar year to the fiscal year accounting period. This has resulted in one set of audited financial statements for inclusion in the Public Accounts of Canada that also meets the requirements of the NEB Cost Recovery Regulations. The following condensed statements are taken from the 2013-14 audited fiscal financial statements. The comparative 2012-13 numbers include minor adjustments from those previously reported as a result of this one time transition.

National Energy Board Condensed Statement of Operations and Departmental Net Financial Position (unaudited)					
	2013–14 Planned Results	2013–14 Actual	2012–13 Actual	Difference (2013–14 actual minus 2013– 14 planned)	Difference (2013–14 actual minus 2012– 13 actual)
Total expenses	76,076,000	82,149,942	78,061,795	6,073,942	4,088,147
Total revenues	-	-	-	-	-
Net cost of operations before government funding and transfers	76,076,000	82,149,942	78,061,795	6,073,942	4,088,147
Departmental net financial position	(3,966,000)	5,287,449	(3,110,482)	9,253,449	8,397,931

The variance between planned and actual spending for 2013–14 is approximately \$6.0 million. Salary costs account for just over \$4.0 million of this difference. This increase is related to a new collective agreement that was signed in 2013–14. Expenses for rental of office space were also higher than planned in 2013–14 in preparation for a complete office move to Center 10 in the first quarter of 2014–15.

The following graph presents NEB expenses by program.



**National Energy Board
Condensed Statement of Financial Position (unaudited)
As at March 31, 2014
(dollars)**

	2013–14	2012–13	Difference (2013–14 minus 2012–13)
Total net liabilities	19,896,326	20,394,532	(498,206)
Total net financial assets	9,346,755	9,764,009	(417,254)
Departmental net debt	10,549,571	10,630,523	(80,952)
Total non-financial assets	15,837,020	7,520,041	8,316,979
Departmental net financial position	5,287,449	(3,110,482)	8,397,931

The NEB's liabilities include short-term accounts payable and accrued liabilities of just over \$9.0 million. There is also \$10.5 million in employee leave and severance allowances. Net financial assets are comprised of funds to be received from the Consolidated Revenue Fund to cover the short-term accounts payable and accrued liabilities as well as a small amount of short-term accounts receivable. There was a significant increase in non-financial assets in 2013-14 due to expenditures related to the relocation to new office facilities in 2014-15.

Financial Statements

The NEB's Financial Statements can be found on the NEB website.^{vii}

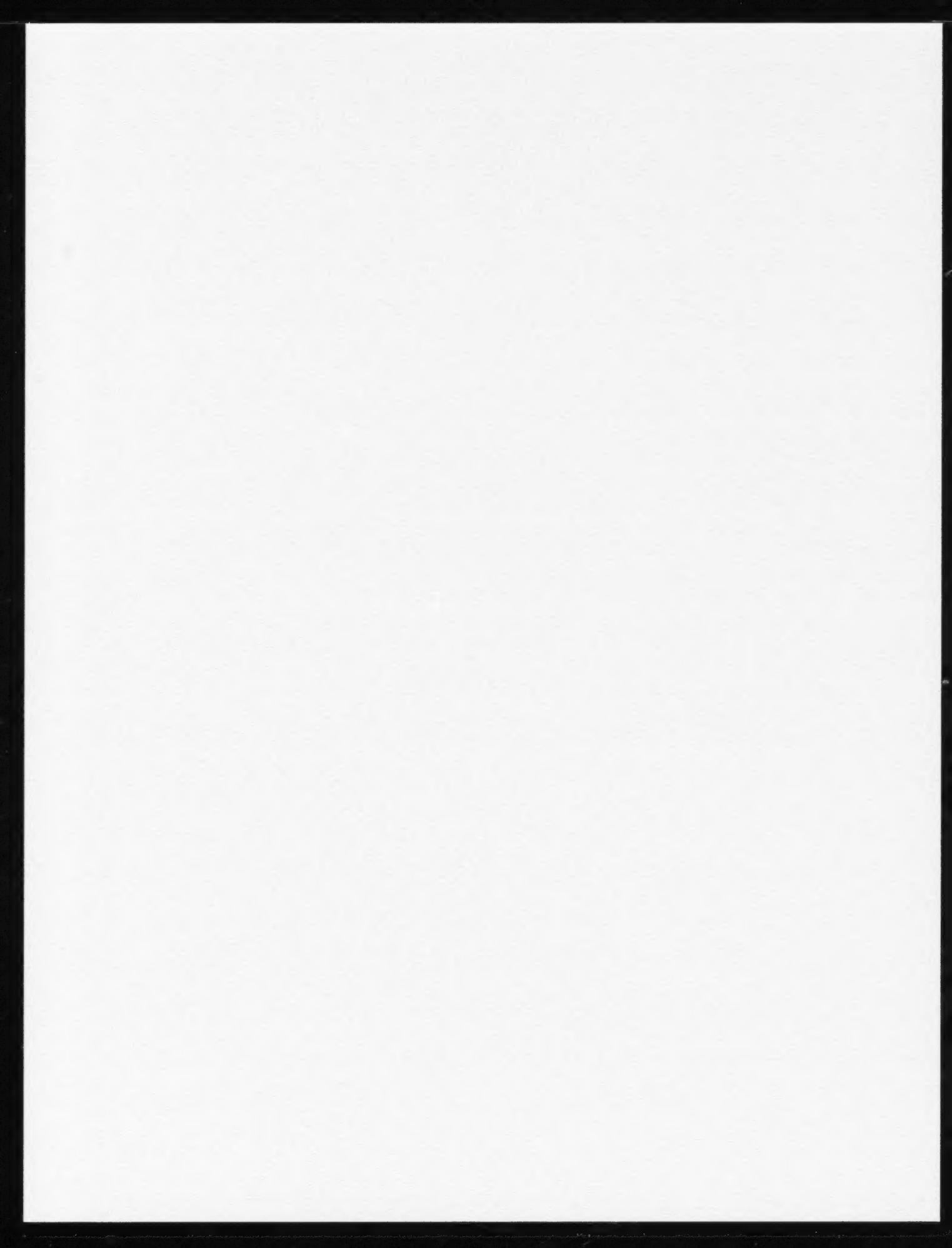
Supplementary Information Tables

The supplementary information tables listed in the *2013–14 Departmental Performance Report* can be found on the National Energy Board's website.^{viii}

- ▶ Departmental Sustainable Development Strategy;
- ▶ Internal Audits and Evaluations;
- ▶ Response to Parliamentary Committees and External Audits;
- ▶ Sources of Respondable and Non-Respondable Revenue; and
- ▶ User Fees Reporting.

Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*^{ix} publication. The tax measures presented in the *Tax Expenditures and Evaluations* publication are the sole responsibility of the Minister of Finance.



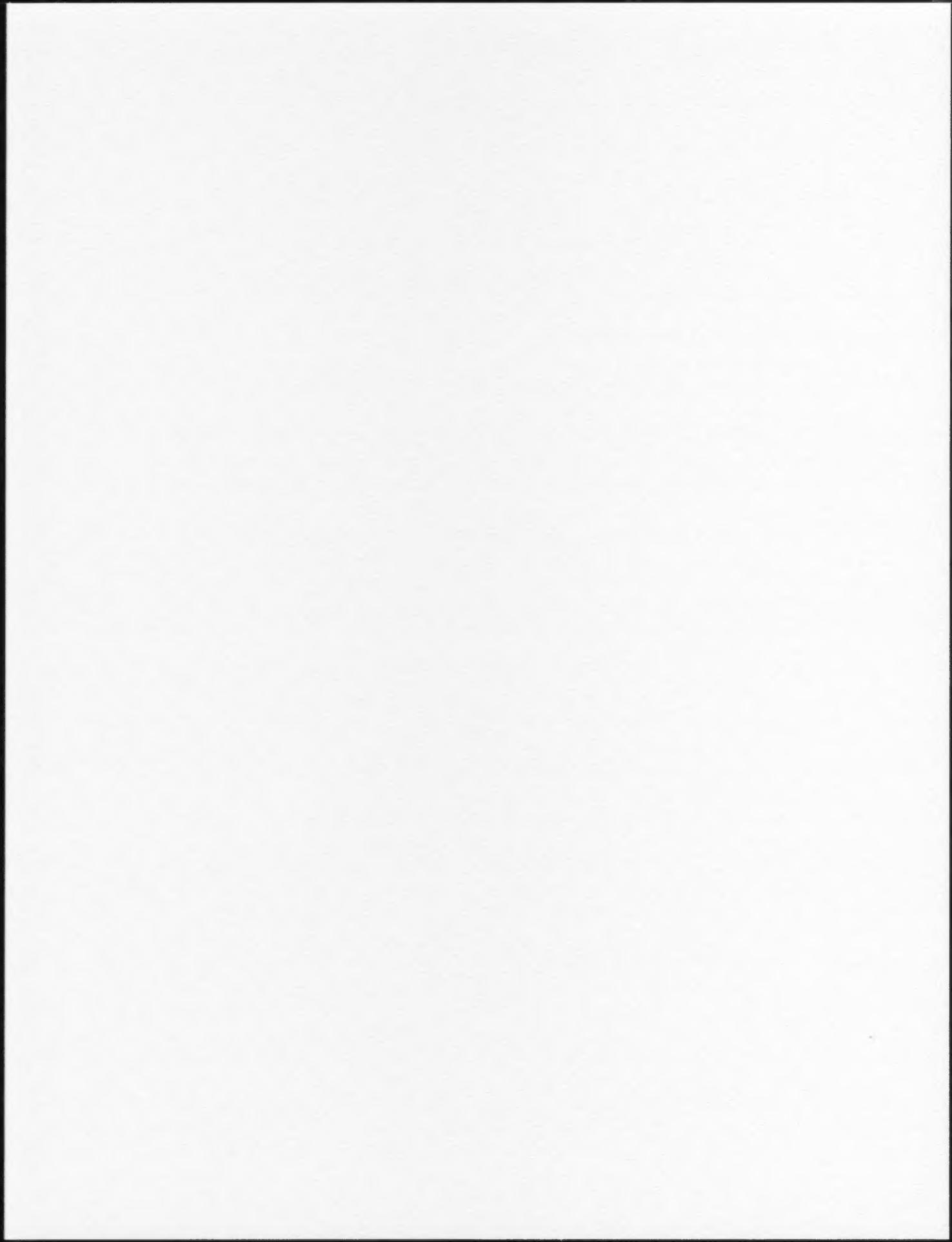
Section IV: Organizational Contact Information

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Fax: 403-292-5503
Toll free fax: 1-877-288-8803
TTY (teletype): 1-800-632-1663



Appendix: Definitions

appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent: Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures: Include net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting: The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

Program Alignment Architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

Strategic Outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to

continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target: A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.



Endnotes

- i. *National Energy Board Act*, <http://laws-lois.justice.gc.ca/eng/acts/N-7/page-1.html>
- ii. National Energy Board Safety Forum 2013,
<http://www.neb-one.gc.ca/clf-nsi/rsftyndthnvnmnt/sfty/nbsftyfrm2013/nbsftyfrm2013-eng.html>
- iii. National Energy Board Safety and Environmental Performance Dashboard,
<http://www.neb-one.gc.ca/clf-nsi/rsftyndthnvnmnt/sfty/dshbrd/dshbrd-eng.html>
- iv. Whole-of-government framework, <http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx>
- v. *Public Accounts of Canada 2014*, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- vi. National Energy Board, *Advancing Safety in the Oil and Gas Industry: Draft Safety Culture Framework*,
<http://www.neb-one.gc.ca/clf-nsi/rsftyndthnvnmnt/sfty/sftycltr/sftycltr-eng.html>
- vii. NEB Financial Statements,
<http://www.neb-one.gc.ca/clf-nsi/rpblictn/rprt/dprtmtlprfrmncrprt/dprtmtlprfrmncrprt-eng.html>
- viii. Supplementary Information Tables,
<http://www.neb-one.gc.ca/clf-nsi/rpblictn/rprt/dprtmtlprfrmncrprt/dprtmtlprfrmncrprt-eng.html>
- ix. *Tax Expenditures and Evaluations* publication, <http://www.fin.gc.ca/purl/taxexp-eng.asp>